



ARIZONA DEPARTMENT OF TRANSPORTATION

FISCAL YEARS 2008 – 2012

STRATEGIC PLAN

ARIZONA DEPARTMENT OF TRANSPORTATION

Transmittal Statement

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Governor's Office of Strategic Planning and Budgeting

This constitutes a draft of the Five Year Strategic Plan for Fiscal Years 2008 – 2012 in accordance with Laws 2002, Chapter 210. The final version of the ADOT Strategic Plan will be available by January 1, 2007 on the ADOT Internet site at http://www.azdot.gov/Inside_ADOT/Strategic_Plan/Index.asp

Agency Head: Victor Mendez

Title: Director

Signature: _____

Date:

Executive Summary

In accordance with Laws of 2006, Chapter 346 ADOT's FY 2008 – 2012 Five Year Strategic Plan is summarized below.

The Mission

To provide products and services for a safe, efficient, cost-effective transportation system that links Arizona to the global economy, promotes economic prosperity and demonstrates respect for Arizona's environment and quality of life.

The Vision

The standard of excellence for transportation systems and services.

Strategic Issues

These are the challenges ADOT must address to achieve our vision of being "the standard of excellence for transportation systems and services".

- Technology – ADOT will maximize the use of technology in all aspects of its operations.
- Congestion Management - ADOT must deploy the best mix of strategies to manage congestion.
- Customer Service - ADOT must maintain a strong customer service focus.
- Highway Safety - ADOT must always strive to make Arizona's transportation infrastructure safe.
- Environmental Stewardship - ADOT must deploy the best environmental management techniques into its business practices.

Critical Issues

To successfully fulfill our mission and keep the public's trust, ADOT must:

- Deliver the 5-year and regional highway construction program.
- Deliver superior customer service.
- Earn the public's trust through honest, truthful, open and ethical behavior.
- Maintain the State's investment in transportation facilities.

Goals

1. Enhance the movement of people and products throughout Arizona.
2. Optimize the quality, timeliness and cost effectiveness of our products and services.
3. Strive to develop and retain a high performing, successful workforce that is competitively paid.
4. Use innovative and creative techniques to optimize the use of all resources.
5. Build the public and political support necessary to meet Arizona's transportation needs.

Motor Vehicle Program

The Motor Vehicle Program has identified three strategic initiatives; automated business systems, customer visit times, and identity theft/fraud and Real ID. These three program initiative address two ADOT Strategic Issues, deliver superior customer service and earn the public's trust, as well as all five agency Goals.

- **Automated Business Systems:**

Issue - MVD's core business functions of licensing and registration are handled through software systems which in many cases are 25 years or older. These "legacy systems" are believed to be the oldest of any major state agency and are well beyond the expected normal lifecycle of software applications. The information contained in these systems is critical to the proper functioning of MVD and other governmental functions such as public safety, identity for social and other government services, transportation, education, revenue collection, and distribution of taxes, fraud protection and security, as well as other vital government services.

Strategy – Replace antiquated software systems.

- **Customer Visit Times:**

Issue – Maintain visit times that are reasonable and acceptable to most customers.

Strategy

Increase staffing levels.

Raise salaries and & develop career paths.

Replace antiquated computer systems

Enlist more third party providers.

- **Identity, Data and Other Theft/Fraud and Real ID:**

Issue – Identity theft and fraud is the fastest growing crime in the United States and Arizona ranks number one in the nation in the number of identity theft victims. In their February 2005 report entitled, “National and State Trends in Fraud & Identity Theft,” the Federal Trade Commission (FTC) stated that 36.6 million Americans have been victims of identify theft. The FTC further reported that in 2003, losses to businesses and financial institutions from identity theft totaled nearly \$56.2 billion while consumer victims reported \$5 billion in personal losses.

Strategy

Replace antiquated computer systems.

Increase staffing.

Intermodal Transportation Program

The Intermodal Transportation Program has identified two strategic initiatives; deliver the highway construction program and maintenance of transportation facilities. These two program initiatives address two ADOT Strategic Issues, delivery of the 5-year and regional construction program and maintenance of the state’s transportation facilities, as well as all five agency Goals.

- **Deliver the 5-Year and Regional Highway Construction Program on Time and Within Budget:**

Issue - Annually the 5-year Transportation Facilities Construction Program and the MAG Area Life Cycle Program are updated through a series of public hearings around Arizona which allows the public the opportunity to comment on the direction of the highway construction program. It is clear that Arizona’s continued growth requires more and more transportation infrastructure.

Strategy - Accelerate delivery of the statewide construction program to the extent allowable by the available resources.

- **Maintain the State’s Investment in It’s Transportation Facilities:**

Issue - Arizona taxpayers have made a very significant investment in the State’s transportation infrastructure. As this roadway network continues to be expanded and enhanced statewide, protecting the investment becomes increasingly more critical to the State’s economic growth and prosperity.

Strategy –

Link funding to levels of service.

Apply Life Cycle Costing to the maintenance operation relative to new features added to the system.

Link future maintenance needs to new construction projects.

Agency Description

The Arizona Department of Transportation was established in July 1974. It is the State agency responsible for planning, developing, maintaining and operating transportation facilities for the efficient movement of people and products by surface and air throughout Arizona. The Department is also the statewide agency that registers motor vehicles and aircraft, licenses drivers, collects revenues and researches new transportation systems. It serves its customers through geographically dispersed facilities. Ten district offices oversee roadway construction and maintenance, twenty-two ports of entry check commercial vehicles for compliance with size and weight laws, and fifty-eight Motor Vehicle offices provide title, registration and driver license services.

The Mission

To provide products and services for a safe, efficient, cost-effective transportation system that links Arizona to the global economy, promotes economic prosperity and demonstrates respect for Arizona's environment and quality of life.

The Vision

The standard of excellence for transportation systems and services.

The Values

The principles and philosophies that describe how ADOT will conduct itself in carrying out its mission and vision.

INTEGRITY: We are truthful, honest and open. We obey the law.

RESPECT: We treat people with respect and dignity. People are the foundation of ADOT's success.

ACCOUNTABILITY: We are accountable for our actions.

CUSTOMER SERVICE: We serve our customers. Their satisfaction is our focus!

SAFETY: We are committed to a safe and secure work environment.

TEAMWORK: We work together.

COMMUNICATION: We strive to maintain clear, concise and timely communication.

EMPOWERMENT: We make decisions – we grow from mistakes!

LEADERSHIP: We provide clear direction and recognize outstanding individual and team efforts.

Strategic Issues

These are the challenges ADOT must address to achieve our vision of being “the standard of excellence for transportation systems and services”.

- **Technology** – ADOT will maximize the use of technology in all aspects of its operations. Better technology includes computer hardware and software, better roadway designs, better construction techniques, materials that are more durable and reduce noise. Technology will be used to reduce congestion, improve safety and meet customer service demands.
- **Congestion Management** – As Arizona continues to grow congestion is becoming more than an urban issue. ADOT must deploy the best mix of strategies to manage congestion on the state highway system.
- **Customer Service** – Whether internal or external, ADOT must maintain a strong customer service focus. This will require a mix of strategies involving staff resources, the application of sophisticated management techniques and multiple service delivery methods that employ the application of technology.
- **Safety** – Over 1,000 people die on Arizona’s highways every year. ADOT must always strive to make Arizona’s transportation infrastructure safe.
- **Environmental Stewardship** – Subject to 62 different federal, state, local and tribal environmental rules and regulations, ADOT must deploy strategies that integrate the best environmental management techniques into its business practices.

Critical Issues

To successfully fulfill our mission and keep the public's trust, ADOT must:

- **Deliver the 5-year and regional highway construction program.**
- **Deliver superior customer service.**
- **Earn the public's trust through honest, truthful, open and ethical behavior.**
- **Maintain the State's investment in transportation facilities.**

Goals

1. Enhance the movement of people and products throughout Arizona.
2. Optimize the quality, timeliness and cost effectiveness of our products and services.
3. Strive to develop and retain a high performing, successful workforce that is competitively paid.
4. Use innovative and creative techniques to optimize the use of all resources.
5. Build the public and political support necessary to meet Arizona's transportation needs.

Funding and FTE Summary - FY 2007

	Fund	FTE
General Fund	82,900	2.0
Highway Fund	391,757,100	4,321.5
Other Appropriated Funds	47,650,100	367.5
Non-Appropriated Funds	2,487,064,500	68.0
Federal Funds	<u>430,703,800</u>	<u>44.0</u>
Program Total	3,357,258,400	4,803.0

MOTOR VEHICLE PROGRAM:

CUSTOMER SERVICE STRATEGIC ISSUE -- Automated Business Systems: MVD’s core business functions of licensing and registration are handled through software systems which in many cases are 25 years or older. These “legacy systems” are believed to be the oldest of any major state agency and are well beyond the expected normal lifecycle of software applications. The information contained in these systems is critical to the proper functioning of MVD and other governmental functions such as public safety, identity for social and other government services, transportation, education, revenue collection, and distribution of taxes, fraud protection and security, as well as other vital government services. Critical information systems such as these should not be utilizing technology that was current decades before the personal computer or the Internet. The FY 2007 state legislature appropriated \$500,000 to fund a study of MVD’s legacy systems to identify which systems need to be replaced, including the cost and associated timelines.

In addition to the above, requirements of the REAL ID Act (outlined in MVD’s strategic issue #3) are to be implemented by all states by 2008. To successfully implement these requirements, the current automated business system should be replaced. While the Act also authorizes federal grants to pay for implementation costs, there is no identification of timing and/or amounts. The worst-case scenario is that Arizona needs to be prepared to shoulder the multi-million cost of implementing this act. Failure to comply with the provisions of this act leads to Arizona producing licenses and identification cards that “...clearly states on its face that it may not be accepted by any federal agency for federal identification or any other official purpose.” For Arizona, this act effectively places a portion of the responsibility of Homeland Security on MVD.

STRATEGIC MATRIX:

Strategy	Pros	Cons	Alternative Solutions	Necessary Policy Changes	Probability for Success
Replace Automated Business Systems	<p>Save millions of dollars a year in the long-term in maintenance and training costs.</p> <p>Decrease learning curves of new hires, increase overall staff processing efficiency, decrease transaction and wait times, and increase customer satisfaction.</p> <p>Build in the proper controls, edits, and security to ensure that the system is reliable and accurate.</p> <p>Improve state-to-state communication.</p>	<p>High initial costs & implementation demands due to research, programming, testing, and training</p> <p>Initial staff learning curves</p>	<p>Retain current mainframe and database structures, the viability of which are uncertain</p> <p><i>(Possibly fund through registration compliance revenues collected as a</i></p>	<p>Sufficient funding to replace outdated business systems</p>	<p>HIGH, as a stand-alone strategy</p>

	<p>Reduce fraud, mistakes, and outages.</p> <p>Improve accounting functions/capabilities for revenue analysis and forecasting, and help collect additional tax and fee revenues.</p> <p>Increase accuracy and timeliness in recording and distributing revenues (HURF, VLT, IFTA, IRP).</p> <p>Improve cash controls & oversight, reconciliation & verification, revenue analysis & forecasting, and help collect additional tax and fee revenues.</p> <p>Link databases, providing better, one-source customer information.</p> <p>Facilitate higher quality Internet and other electronic transactions.</p> <p>Enlarge available IT staffing pool familiar with newer technologies that are needed to maintain the new system.</p>		<p><i>result of "Lapsed Registration" letters; or use third party to fund and build replacement with repayment of third party costs out of future revenues; or divert a portion of DL and T&R transaction fees back to MVD)</i></p>		
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RESOURCE ASSUMPTIONS: CUSTOMER SERVICE - Automated Business Systems

Description	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
FTEs					
Highway Fund	Unknown *				
Other Appropriated Fund					
Non-Appropriated Fund					
Federal Fund / Grants					
General Fund					
TOTAL FUNDS	Unknown *				

* Unknown – MVD was appropriated \$500,000 in FY 2007 to hire a consultant to conduct a needs assessment. The product of that assessment will determine future resource requirements.

CUSTOMER SERVICE STRATEGIC ISSUE - Maintaining Acceptable Customer Service Levels throughout Division:

One of MVD's primary customer service goals is to maintain visit times that are reasonable and acceptable to most customers and stakeholders. Complicating the Division's ability to meet this goal are issues of population growth, increasing numbers of transactions per customer, antiquated legacy database systems and the imposition of supplementary responsibilities that interfere with MVD's ability to fulfill its core activities.

To achieve mandated visit times, MVD has focused on reducing the need for customers to visit field offices by offering alternative service modes, including use of the Internet, mail, phone, drop boxes, and third party service contractors. Even with this focus, however, additional field office staff is needed.

The Internet has been very successful in helping to absorb MVD transaction growth:

- **Internet Transactions** FY05=4.2 million FY06=5.0 million (increase of 0.8 million)
- **Vehicle Renewals through Alternative Methods** FY05=2.3 million FY06=2.5 million (increase of 0.2 million)
- **Field Office Transactions** FY05=5.9 million FY06=5.4 million (decrease of 0.5 million)

Other transactions completed in FY06:

3.4 million transactions by third parties, an increase of 0.5 million from FY05

2.4 million calls answered by Call Center agents, an increase of 0.3 million from FY05

Increasing state and federal mandates, most often issued without resources to carry out new directives, compromise MVD's ability to provide expected and needed staffing levels and quality of service. For example, Homeland Security issues relating to the federal REAL ID Act as well as other state and federal mandates require the integration of new systems and procedures that are overwhelming to many areas of MVD beyond the scope of the field offices.

STRATEGIC MATRIX:

Strategies (integrated approach)	Pros	Cons	Alternative Solutions	Necessary Policy Changes	Probability for Success
<p>1. Increase staffing levels to meet service demands</p>	<p>Lower visit times in field offices.</p> <p>Lower telephone wait times (Call Center and Technical Support).</p> <p>Decrease of backlog in data entry of records.</p> <p>Dramatic increase in the collection of motor carrier taxes and fees, primarily via port-of-entry and mobile enforcement efforts.</p> <p>Decreased turnaround for a growing number and types of refund requests, while also increasing ability to detect mistakes or uncover potential fraudulent refund claims.</p> <p>Increased customer and stakeholder satisfaction.</p> <p>Less employee stress and turnover.</p> <p>Improved employee morale and productivity.</p> <p>Increased ability to maintain reasonable service when turnover does occur.</p> <p>Decreased training costs in long-term due to lower turnover rates.</p>	<p>Additional PS/ERE costs</p> <p>Increased training costs in short-term due to additional staff</p>	<p>Temporary Employees</p>	<p>Adequate funding of salary and ERE</p>	<p><i>HIGH, as a stand-alone strategy.</i></p> <p><i>HIGH and BEST, if integrated strategic approach is applied.</i></p>
<p>Resolve salary inequities, raise salaries overall, and develop career paths in relation to technical expertise</p>	<p>In addition to Strategy #1 above,</p> <ul style="list-style-type: none"> • Stabilized, effective, and efficient core group of staff. • Maintain program expertise and professionalism. • Increased ability to attract and recruit highly qualified candidates when vacancies exist. 	<p>Additional PS/ERE costs</p>	<p>Temporary Employees</p>	<p>Adequate funding of salary and career path programs</p>	<p><i>HIGH, as a stand-alone strategy.</i></p> <p><i>HIGH and BEST, if integrated strategic approach is applied.</i></p>

Replace Automated Business Systems	<ul style="list-style-type: none"> All bullets items already listed in the strategic issue entitled, "Automated Business Systems." 	See "Automated Business Systems" above	See "Automated Business Systems" above	See "Automated Business Systems" above	See "Automated Business Systems" above
Lift third party moratorium	<ul style="list-style-type: none"> Reduce transactions in field offices, thereby reducing visit times. Increase options for customers Increase public/private partnerships. 	<p>Would require more MVD quality assurance staff to ensure third party compliance with procedures</p> <p>Increased training costs due to new companies and staff</p> <p>Increased financial oversight requirements</p> <p>Increased transaction costs to customer</p>	Increase MVD field office staff	Lifting of moratorium	<p><i>HIGH, as a stand-alone strategy due to legislative interest.</i></p> <p><i>HIGH, if integrated strategic approach is applied.</i></p>
Promote statutory changes	<p>Ensure transaction and service fees cover costs.</p> <p>Dramatically reduce revenue accounting and collection difficulties presented by two-tier fuel tax system.</p> <p>Define Director's discretionary authority regarding decisions to make transactions electronically available.</p> <p>Medical review authority to take action according to federal guidelines.</p> <p>Drivers Privacy Protection Act (DPPA) conformity.</p>	Controversy surrounding any new legislation	None	Legislative process	<p><i>MODERATE TO HIGH, as a stand-alone strategy.</i></p> <p><i>HIGH and BEST, if integrated strategic approach is applied.</i></p>

OTHER SUPPORTING ALTERNATE STRATEGIES THAT MAY BE USED IN CONJUNCTION WITH STRATEGIES 1-4 TO ADDRESS FIELD OFFICE VISIT TIMES

- Continue promoting alternative methods for completing transactions, especially via the Internet.
- Track and monitor CS staffing and expenditures at an office level. This would require additional staffing in the MVD Executive Services Group (ESG) budget unit.
- Develop a cadre of staff trained in multiple disciplines, including but not limited to numerous aspects of the Customer Service program, who would be paid at a higher rate with the expectation that they can handle almost any job and be deployed almost anywhere in the state to meet customer demands.
- Develop steps for advancement within the CS program, with appropriate salary compensation, that offer incentives for staff retention as well as incentives for staff to willingly assume more responsibilities. Progressions might include: Leads/Technical Expects, Supervisor-in-Training, and the Multi-disciplinary Experts already mentioned above. Also develop steps within the salary ranges that will move a satisfactory employee through the assigned range.
- Benchmark with other agencies to identify additional strategies and advanced technologies that might prove beneficial.
- Continue the conversion of MVCSR limited positions to permanent positions, while intently monitoring spending of PS/ERE dollars to avoid any projected deficits; and reallocate staff to other offices in a limited capacity.

RESOURCE ASSUMPTIONS: CUSTOMER SERVICE - Maintaining Acceptable Customer Service Levels throughout Division

Description	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
FTEs	25	210	119	68	64
Highway Fund	\$19,821,232	\$55,712,998	\$40,283,244	\$12,141,862	\$10,871,856
Other Appropriated Fund					
Non-Appropriated Fund					
Federal Fund / Grants					
General Fund					
TOTAL FUNDS	\$19,821,200	\$55,713,000	\$40,283,200	\$12,141,900	\$10,871,900

CUSTOMER SERVICE STRATEGIC ISSUE - Identity, Data, and Other Theft/Fraud; Federal REAL ID Act: Identity theft and fraud is the fastest growing crime in the United States and Arizona ranks number one in the nation in the number of identity theft victims. In their February 2005 report entitled, “National and State Trends in Fraud & Identity Theft,” the Federal Trade Commission (FTC) stated that 36.6 million Americans have been victims of identify theft. The FTC further reported that in 2003, losses to businesses and financial institutions from identity theft totaled nearly \$56.2 billion while consumer victims reported \$5 billion in personal losses.

Driver licenses and identification cards have become the standard for providing proof of identity and are the principal target for theft and fraud. More thorough enforcement will require enhanced business systems to generate better reporting, audit trails, title and transaction controls, a more thorough history and record of transactions, and more user-friendly inquiry systems to view the history of a record.

In May 2005, the “Real ID Act” was signed into law, which requires states by 2008 to:

- Verify that applicants for drivers license or identification card are U.S. citizens or lawful residents;
- Incorporate new authentic features into driver licenses and identification cards that are designed to prevent counterfeiting;
- Increase each state’s ability to store digital images of applicants.

The law will improve verification procedures to minimize vulnerabilities to homeland security, immigration law, voter fraud, credit markets, federal and state benefits, and other criminal activity.

The language of the REAL ID Act authorizes federal grants with no identification of timing and/or amounts. The worst-case scenario is that Arizona needs to be prepared to shoulder the multi-million cost of implementing this act. Failure to comply with the provisions of this act leads to Arizona producing licenses and identification cards that “...clearly states on its face that it may not be accepted by any federal agency for federal identification or any other official purpose.” For Arizona, this act effectively places a portion of the responsibility of Homeland Security on MVD.

STRATEGIC MATRIX:

Strategies (integrated approach)	Pros	Cons	Alternative Solutions	Necessary Policy Changes	Probability for Success
1. Replace Automated Business Systems and Complete Other needed Programmi	In addition to pros already written about this strategy, The GAO reported that improved technology and software applications are critical to addressing this issue.	See “Automated Business Systems” above			

ng					
2. Increase staffing levels	In addition to pros already written about this strategy, Ability to scrutinize field office transactions more thoroughly. Greater scrutiny achieved without lengthening overall customer visit time.	See "Increase Staffing Levels" above			

RESOURCE ASSUMPTIONS: CUSTOMER SERVICE - Identity, Data, and Other Theft/Fraud; Federal REAL ID Act

Description	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
FTEs					
Highway Fund	\$1,343,800	\$300,000	\$300,000	\$300,000	\$300,000
Other Appropriated Fund					
Non-Appropriated Fund					
Federal Fund / Grants					
General Fund					
TOTAL FUNDS	\$1,343,800	\$300,000	\$300,000	\$300,000	\$300,000

INTERMODAL TRANSPORTATION PROGRAM STRATEGIC ISSUES:

1. **DELIVER THE 5-YEAR AND REGIONAL HIGHWAY CONSTRUCTION PROGRAM ON TIME AND WITHIN BUDGET:**

As part of the process of annually updating the 5-year Transportation Facilities Construction Program and the MAG Area Life Cycle Program, the State Transportation Board holds a series of public hearings around Arizona to provide an opportunity for public comment on the direction of the programming effort. The sessions, which help earn the public's trust through truthful, open and ethical discourse, are structured to allow comments on any portion of the program the attendees wish to address. A joint public hearing of the Transportation Board, MAG Regional Council, Regional Public Transit Authority and the Citizens Transportation Oversight Committee also is held annually in order to develop a common understanding of the public concerns regarding the Life Cycle Program for freeway construction in the MAG area. The Citizens Transportation Oversight Committee, which facilitates citizen involvement in the decision-making process for freeway planning and construction, performs review and advisory functions concerning the Regional Transportation Plan, the Transportation Improvement Plan, changes to the plan and the priorities regarding both Proposition 300 and 400 Programs.

As Arizona's urban cores continue to experience a high rate of growth, the efficient movement of goods, services and people will continue to be a significant success factor. Keeping pace with the high growth rate will require the full utilization of innovative financing, retention of engineering and management expertise as well as partnering with interested parties. This is especially true for the accelerated completion of the Maricopa Regional Freeway System by the middle of calendar year 2008. Voters in Maricopa County also approved a 20-year extension of the ½ cent sales tax (Proposition 400) through 2026. This extension will generate an estimated \$8.5 billion in current dollars for new or expanded freeway corridors to serve growth in the region and improvements to the existing system in order to reduce current and future congestion. The sales tax extension also will provide an average of approximately \$10 million per year to address quality of life issues relative to improving noise mitigation, landscaping care and restoration, general highway maintenance and litter control.

ADOT will seek ways to maximize the delivery of the 5-year and regional construction program within the parameters permissible relative to current and future revenue streams. Growth in Transportation Excise Tax Revenues has improved significantly compared to the average growth over the past three years and was 8% higher than the projection for the fiscal year. However, construction bids for major projects have increased as

much as 25% to 30%. The higher project costs are attributed to increased costs for construction materials as well as the uncertainties related to commodity prices and product availability. Additionally, substantial increases in real estate values have affected right of way costs. Although these trends are expected to moderate in the early years of the program, ADOT will remain vigilant in monitoring market conditions and costs to determine whether higher construction and right of way costs are short term or are more reflective of long-term trends. The Department also will maintain its focus on a system that improves safety, mobility, accessibility, congestion relief and travel times, while incorporating its strong environmental commitment into the design and construction process.

STRATEGIC MATRIX:

STRATEGIES	PROS	CONS	ALTERNATIVE SOLUTIONS	POLICY CHANGE	SUCCESS FACTOR
1. Accelerate delivery of the statewide construction program to the extent allowable by the available resources.	<ul style="list-style-type: none"> - Addition of new travel lanes. - Reduce congestion. - Increase safety. - Improve travel time. - Maintain a commitment to the community. - Improve emergency response times. - Maximize available funding. - Demonstrate that priorities are being maintained. 	<ul style="list-style-type: none"> - Increase congestion during construction phase. - Increase travel time. - Willingness of local governments to share costs. - Obtaining dependable funding sources in excess of current levels. 	<ul style="list-style-type: none"> - Alternative funding sources e.g. private funding, public/private partnerships, toll roads, toll lanes, etc. - Phase-out the use of design consultants and replace with FTEs. 	<ul style="list-style-type: none"> - Some policy changes necessary. 	<ul style="list-style-type: none"> - HIGH, as a stand-alone strategy. - MODERATE to HIGH, if alternative solutions are applied.

RESOURCE ASSUMPTIONS: DELIVER THE 5-YEAR AND REGIONAL HIGHWAY CONSTRUCTION PROGRAM ON TIME AND WITHIN BUDGET.

DESCRIPTION	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
FTEs	21.0	10.0	8.0	8.0	8.0
Highway Fund	\$14,200,000	\$14,250,000	\$15,300,000	\$15,300,000	\$ 15,600,000
Other Appropriated Fund					
Non-Appropriated Fund					
Federal Fund / Grants					
General Fund					
TOTAL FUNDS	\$14,200,000	\$ 14,250,000	\$15,300,000	\$ 15,300,000	\$ 15,600,000

2. MAINTAIN THE STATE’S INVESTMENT IN ITS TRANSPORTATION FACILITIES:

Arizona taxpayers have made a very significant investment in the State’s transportation infrastructure. As this roadway network continues to be expanded and enhanced statewide, protecting the investment becomes increasingly more critical to the State’s economic growth and prosperity.

Every year highway safety issues and the addition of new features to the State highway system require the submission of requests for additional maintenance funding. This process will continue as the existing system ages and also is expanded through the addition of HOV lanes, general-purpose travel lanes, auxiliary lanes, frontage roads and traffic interchanges. In addition to maintaining the transportation infrastructure, ADOT also is aggressively pursuing new best management practices related to waste and storm water compliance issues,

which must be addressed after completion of each construction project. These are not one-time expenses and the Arizona Department of Environmental Quality monitors ADOT's compliance.

Additional funding is required to operate and maintain new miles that are added to the State highway system each year as a result of new construction. Currently, there is no funding link between the construction of these new highway miles and the cost to maintain them. New miles of urban freeway require additional in-house resources and/or contracts to maintain landscaping, pick-up litter, repair cable barriers, sweep roadside debris, maintain signs and pavement striping, repair guardrail and crash attenuators, maintain drainage facilities and respond to motor vehicle accidents. The addition of miles also increases electricity costs for new roadway lighting and signals. While new features and safety enhancements are added, ADOT still is required to take care of the existing feature inventory in order to extend its life cycle. Delays in preventive maintenance decrease the life cycle of the items in the feature inventory.

The maintenance staff has been challenged to meet the needs of maintaining new features with static or declining resources, while preserving the existing system. The recent sharp increase in the cost of materials has not only further encumbered an already under funded maintenance budget, but it also has diminished ADOT's ability to exceed the level of service standard considered to be acceptable by the public. The most visible result has been public concerns and comments relative to litter, landscaping and vegetation control, while the less visible maintenance activities such as pavement repair, drainage repair and roadside work, when safe to delay, have been reduced in frequency.

STRATEGIC MATRIX:

STRATEGIES	PROS	CONS	Alternative Solutions	POLICY CHANGE	SUCCESS FACTOR
1. Link funding to levels of service.	<ul style="list-style-type: none"> - Keep pace with new features. - Improve frequency of routine maintenance. - Increase public satisfaction and trust. 	<ul style="list-style-type: none"> - Short term essential maintenance needs are not met. - Long term significantly reduces the useful life of the investment. 	<ul style="list-style-type: none"> - Pilot Program authorizing the Transportation Board to allocate the dollars to maintenance. - Defer/delay landscape construction. - Defer/delay non-safety maintenance activities. - Reallocate construction funding to fund a portion of the maintenance. 	<ul style="list-style-type: none"> - Approval required from the legislature. 	HIGH, as a stand-alone strategy. MODERATE to HIGH, if alternative solutions are applied.
2. Apply Life Cycle Costing to the maintenance operation relative to new features added to the system.	<ul style="list-style-type: none"> - Maintenance and operating costs are automatically allocated to operating budget. - Provides justification for increases in the operating budget. 	<ul style="list-style-type: none"> - Essential maintenance needs not met. 	<ul style="list-style-type: none"> - Include maintenance and operational cost components in the total program cost for new features. 	<ul style="list-style-type: none"> - Approval required from the legislature. 	HIGH, as a stand-alone strategy. MODERATE to HIGH, if alternative solution is applied.
3. Link future maintenance needs to new construction projects.	<ul style="list-style-type: none"> - Address increased costs for new features and materials. - Provide increased resources for patrolling new roadway. - Provide additional funding for labor, equipment, materials and utilities. 	<ul style="list-style-type: none"> - Lack of an aggressive maintenance program will result in a reduced operational life of the new features. - Obtain dependable funding sources. 	<ul style="list-style-type: none"> - Include maintenance and operational cost components in the total program cost for new features. 	<ul style="list-style-type: none"> - Approval required from the legislature. 	MODERATE, ongoing process emphasizing cost benefits of providing adequate funding for new features.

RESOURCE ASSUMPTIONS: MAINTAIN THE STATE'S INVESTMENT IN ITS TRANSPORTATION FACILITIES.

DESCRIPTION	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
FTEs	32.0	18.0	15.0	12.0	12.0
Highway Fund	\$ 12,470,400	\$ 7,500,000	\$6,200,000	\$5,800,000	\$5,200,000
Other Appropriated Fund					
Non-Appropriated Fund					
Federal Fund / Grants					
General Fund					
TOTAL FUNDS	\$ 12,470,400	\$ 7,500,000	\$6,200,000	\$5,800,000	\$5,200,000

INTERMODAL TRANSPORTATION PROGRAM PERFORMANCE MEASURES:

PERFORMANCE MEASURES RELATED TO STRATEGIC ISSUES	STRATEGIES TO ADDRESS ISSUE AND RELATION TO PERFORMANCE MEASURES		
	Link funding to levels of service	Apply Life Cycle Costing to maintenance operation costs for new features	Accelerate delivery of the construction program to the extent resources allow
Increase the total maintenance travel lane miles open to traffic to 27,855.	X	X	X
Maintain an International Roughness Index (IRI) smoothness rating factor of less than 171 (mediocre) on at least 95% of State highways.	X	X	
Attain a Level of Service (LOS) in which 80% of the State Highway System is maintained at minimum acceptable standards.	X	X	

Increase the total travel lane miles open to traffic to 19,085.	X		X
Increase the travel lane miles in the Maricopa Regional Freeway System open to traffic to 892.	X		X
Ensure that the Transportation Board awards a minimum of 100% of the total construction dollars planned to be awarded.	X		X